

Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-07
L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15
USIA-06 AID-05 COME-00 EB-08 LAB-04 SIL-01 INT-05
GSA-02 PC-01 AGRE-00 MCT-01 FEA-01 OES-07 /096 W
-----065243 022159Z /75

R 021636Z SEP 77
FM AMEMBASSY CARACAS
TO SECSTATE WASHDC 9077
INFO AMEMBASSY BOGOTA
USCINCSO QUARRY HEIGHTS
USCINCLANT NORFOLK VA

LIMITED OFFICIAL USE SECTION 1 OF 2 CARACAS 8723

E.O. 11652: NA
TAGS: PINT, PINS, EAGR, EAIR, ETRD, VE, PDID
SUBJECT: THIS WEEK IN VENEZUELA

REF: CARACAS 8517

SUMMARY. PINERUA ORDAZ OFFICIALLY PROCLAIMED AS AD
PRESIDENTIAL CANDIDATE. COPEYANOS WAFFLE IN RESPONSE TO
BETACNOURT'S CALL FOR JOINT AD-COPEI GRAND JURY TO
INVESTIGATE CORRUPTION. ARMED FORCES GUARANTEE DEMOCRATIC
ELECTIONS. GOV BUDGETS MORE THAN BS. 5 BILLION FOR AGRICULTURE.
PRESIDENT TO ATTEND SIGNING OF PANAMA CANAL TREATY AND
THEN TO RECEIVE SPANISH KING JUAN CARLOS ON STATE
VISIT. NIEHOUS KIDNAPPING- 18 MONTHS OLD. U.S. SUPPLIERS
AWARDED AVIATION EQUIPMENT CONTRACTS. U.S. OPENS
TRADE EXHIBITION CENTER IN CARACAS. END SUMMARY.

1. PINERUA ORDAZ OFFICIALLY PROCLAIMED AS AD PRESIDENTIAL
CANDIDATE. DURING THREE-DAY PARTY CONVENTION AUGUST 26-28, AD
SECRETARY GENERAL LUIS PINERUA ORDAZ WAS OFFICIALLY PROCLAIMED
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THE AD PRESIDENTIAL CANDIDATE. PINERUA, IN HIS ACCEPTANCE
SPEECH, EMPHASIZED "POPULIST" THEMES, INCLUDING AN END TO PUBLIC
CORRUPTION, IMPROVED PUBLIC SERVICES, FIGHT
AGAINST INFLATION AND AGAINST DELINQUENCY. FORMER PRESIDENT
BETANCOURT, AD'S FOUNDING FATHER AND PINERUA'S MENTOR,
INTRODUCED THE NEW CANDIDATE WITH RINGING TRIBUTES TO
HIS POLITICAL SAGACITY, EXPERIENCE AND SKILLS. NEW PARTY

POSTS WERE FILLED WITH THE ANTICIPATED CANDIDATES (SEE SEPTEL FOR MORE DETAILED ACCOUNT.)

2. COPEYANOS WAFFLE IN RESPONSE TO BETANCOURT'S CALL FOR JOINT AD-COPEI GRAND JURTY TO INVESTIGATE CORRUPTION. COPEI LEADER RAFAEL CALDERA MANAGED TO AGREE IN PRINCIPAL BUT NOT IN PRACTICE TO THE JOINT GRAND JURY TO INVESTIGATE ADMINISTRATIVE CORRUPTION FROM 1958 TO PRESENT DAY AS PROPOSED BY AD FOUNDER ROMULO BETANCOURT DURING THE AD CONVENTION (SEPTTEL). CALDERA SAID THAT COPEI WAS DISPOSED TO SUPPORT ANY INITIATIVE THAT WOULD IMPROVE THE MORAL LEVEL OF PUBLIC ADMINISTRATION BUT THAT HE COULD NOT COMMIT HIS PARTY TO THE GRAND JURY IDEA UNTIL AD PROVIDED A MORE PRECISE DESCRIPTION OF THE OBJECTIVES, ORGANIZATIONAL STRUCTURE AND POWERS PERTAINING TO SUCH A BODY. ACCORDING TO COPEI, THIS INVESTIGATION SHOULD BEGIN WITH THE PRESENT ADMINISTRATION BECAUSE ITS CORRUPTION IS WHAT AFFLICTS VENEZUELA NOW. CALDERA DEFENDED HIS OWN ADMINISTRATION BY POINTING OUT THAT HE HAD A STANDING GRIEVANCE COMMITTEE OF IMPARTIAL MEMBERS BUT THAT PRESIDENT PEREZ DISCONTINUED THE COMMITTEE WHEN HE ASSUMED OFFICE. CALDERA ALSO THREW COLD WATER ON ANOTHER BETANCOURT PROPOSAL TO ENACT THE LAW FOR PROTECTION OF THE PUBLIC PATRIMONY. THE LAW WOULD ESTABLISH A TRIBUNAL CONSISTING OF REPRESENTATIVE FROM THE PRESIDENCY, THE CONGRESS AND THE SUPREME COURT. IN COPEI'S VIEW, SUCH A TRIBUNAL WOULD HARDLY BE IMPARTIAL SINCE THE GOVERNMENT LIMITED OFFICIAL USE

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PARTY CONTROLS ALL THREE BODIES. THE CORRUPTION ISSUE ALSO FIGURED PROMINENTLY IN THE MAIDEN PRESS CONFERENCE OF NEWLY ELECTED SECRETARY GENERAL OF ACCION DEMOCRATICA, ALEJANDRO IZAGUIRRE. HE RECOMMENDED THAT SEVERE ANTI-CORRUPTION LAWS BE PASSED THAT WOULD PROVIDE SWIFT RETRIBUTION TO ALL OFFENDERS.

COMMENT: PRESUMABLY, AD WANTS COPEI SUPPORT FOR THE PUBLIC PATRIMONY LAW IN ORDER TO ASSURE THE PUBLIC THAT THE POLITICIANS ARE INDEED SINCERE IN THEIR EFFORT TO FIGHT ADMINISTRATIVE CORRUPTION AND THAT IT IS NOT JUST AN AD GRANDSTAND PLAY.

3. ARMED FORCES GUARANTEE DEMOCRATIC ELECTIONS. DEFENSE MINISTER GENERAL FERNANDO PAREDES BELLO ANNOUNCED ON "REPUBLIC NO. 5" TO INSURE A TRANQUIL ELECTION. THE CONSTITUTION PROVIDES FOR AN OFFICIAL MILITARY REPRESENTATIVE TO THE SUPREME ELECTORAL COUNCIL WHO IS TO OVERSEE THE SANCTITY OF THE ELECTORAL PROCESS. GENERAL PAREDES BELLO SAID THAT HE HAD PRESENTED PRESIDENT PEREZ WITH A LIST OF CANDIDATES FOR THE POSITION AND THE PRESIDENT'S DECISION WOULD BE FORTHCOMING SOON. THE MINISTER EMPHATICALLY DECLARED THE POLITICAL IMPARTIALITY OF THE MILITARY AND ITS DEDICATION TO THE DEMOCRATIC SYSTEM. COMMENT: THIS MILITARY COOPERATION IS TRADITIONAL.

4. MORE THAN BS. 5 BILLION BUDGETED FOR AGRICULTURE.
ACCORDING TO A STATEMENT BY THE MINISTER OF FINANCE DURING A
PRESS CONFERENCE AUGUST 31, THE 1978 BUDGET WILL PROVIDE FOR
BS. 5,518 MILLION FOR AGRICULTURE. INADDITION, HE STATED THAT
THE PRIVATE BANKS IN VENEZUELA WILL MAKE AVAILABLE BS. 7,482
MILLION TO THE AGRICULTURAL SECTOR UNDER A LAW PASSEDLAST YEAR
REQUIRING ALL BANKS TO ALLOCATE 20 PERCENT OF THEIR LOAN
PORTFOLIO TO AGRICULTURE. WHILE NO BANK WAS ABLE TO
MEET THE 20 PERCENT TARGET WITH DIRECT LOANS BY THE JUNE
30 DEADLINE, THE REQUIREMENT COULD BE SATISFIED BY
BUYING BONDS IN GOVERNMENT INSTITUTIONS SUCH AS BANDAGRO,
A STATE AGRICULTURE FINANCING INSTITUTION. THE BONDS ARE GUARANTEED
BY THE GOV AND CARRY AN INTEREST RATE OF APPROXIMATELY 5 PERCENT.
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COMMENT: FOOD SHORTAGES AND A RELATIVELY LOW GROWTH RATE
IN 1976 HAVE MADE THE AGRICULTURAL SECTOR A TARGET
FOR POLITICAL ATTENTION AS THE PRESIDENTIAL CAMPAIGN GETS
UNDER WAY. THE GOV MAY BE ABLE TO DEFUSE THE SITUATION BY
TAKING ADVANTAGE OF WHAT PROMISES TO BE A RECORD FOOD GRAIN
HARVEST IN 1977.

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R 021636Z SEP 77
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5. PRESIDENT TO ATTEND SIGNING OF PANAMA CANAL TREATY AND THEN TO RECEIVE SPANISH KING JUAN CARLOS ON STATE VISIT. PRESIDENT PEREZ WILL GO TO WASHINGTON SEPTEMBER 7 TO ATTEND THE SIGNING OF THE PANAMA CANAL TREATY. EARLY THE FOLLOWING MORNING HE WILL RETURN TO CARACAS TO GREET SPANISH KING JUAN CARLOS WHO IS ARRIVING TO CELEBRATE THE BICENTENNIAL ANNIVERSARY OF THE ESTABLISHMENT OF VENEZUELA AS A SPANISH CAPTAINCY GENERAL.

6 NIEHOUS KIDNAPPING- 18 MONTHS OLD. THIS WEEK MARKED 18 MONTHS SINCE THE KIDNAPPING OF AMERICAN BUSINESSMAN WILLIAM F. NIEHOUS. IN A RECENT TELEPHONE INTERVIEW WITH "EL NACIONAL" REPORTERS, PUBLISHED AUGUST 27, MRS. NIEHOUS IS QUOTED AS SAYING THAT SHE HAD NOT RECEIVED ANY WORD FROM HER HUSBAND IN 15 MONTHS NOR DID SHE HAVE ANY FURTHER INFORMATION ABOUT HIS WHEREABOUTS.

7 U.S. SUPPLIERS AWARDED AVIATION EQUIPMENT CONTRACTS. TWO LARGE AVIATION EQUIPMENT CONTRACTS WERE AWARDED THIS WEEK BETWEEN VENEZUELA AND THE UNITED STATES COMPANIES. THE GOVERNMENT'S DOMESTIC AIRLINE BOUGHT TWO ADDITIONAL DC-9-50 LIMITED OFFICIAL USE

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AIRCRAFT FROM THE MCDONNELL DOUGLAS CORPORATION FOR APPROXIMATELY \$20 MILLION. LITTON AERO PRODUCTS ALSO RECEIVED A CONTRACT FOR THE INSTALLATION OF INERTIAL GUIDANCE EQUIPMENT IN SEVERAL AIR FORCE PLANES INCLUDING THE PRESIDENTIAL AIRCRAFT. THIS CONTRACT IS VALUED AT \$2 MILLION. THE GOV IS ACCEPTING BIDS FOR THE PURCHASE OF SIX ANTI-SUBMARINE WARFARE HELICOPTERS.

8. THOMAS ALVA EDISON EXHIBITION FACILITY OPENING. THE NEW CARACAS EXHIBITION FACILITY OPENED AS SCHEDULED AUGUST 29 WITH DEDICATORY REMARKS BY DEPUTY ASSISTANT SECRETARY OF COMMERCE W. DEAN MORAN AND THE CHARGE. DON EUGENIO MENDOZA, PRESIDENT OF THE BOARD OF FUNDACION UNIVERSIDAD METROPOITANA AND VICE MINISTER ROBERTO POCATERRA OF THE MINISTRY OF DEVELOPMENT SPOKE ALSO. A HEROIC EFFORT BY THE COMMERCE EXHIBITION'S STAFF INSURED THAT THE BUILDING WAS COMPLETELY FINISHED FOR THE OPENING AND ALL OF THE EQUIPMENT FOR THE FIRST SHOW, "METALQUIPOS," WAS IN PLACE AND OPERATING. EARLY RETURNS ON THIS FIRST SHOW INDICATES THAT A STEADY FLOW OF QUALIFIED CUSTOMERS HAVE VISITED THE FACILITY.

9. OTHER REPORTING THIS WEEK INCLUDED BORDONI CASE- VENEZUELAN SUPREME COURT REQUESTS USG FURNISH ITS GRAND JURY EVIDENCE USED TO INDICT BORDONI (CARCAS 8604), OPIC INSURANCE- B.F. GOODRICH (CARACAS 8516), REIMBURSABLE DEVELOPMENT PROGRAMS: TELECOMMUNICATIONS (CARACAS 8527), TAXES ON EXIM EARNINGS (CARACAS 8527), RETAIL PRICE, TAXES AND DUTIES ON PETROLEUM PRODUCTS (CARACAS A-125), VENEZUELAN

FINANCIAL INSTITUTIONS (CARACAS A-122), AND MAJOR PROJECTS-
CORPOZULIA STEEL AND COAL PROJECTS (CARACAS 9036), AND
CARACAS METRO (CARACAS 8630).
FRECHETTE

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Message Attributes

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Concepts: POLITICAL SUMMARIES
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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
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Executive Order: N/A
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Review Release Event: n/a
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Subject: THIS WEEK IN VENEZUELA
TAGS: PINT, PINS, EAGR, EAIR, ETRD, PDIP, SWEL, VE
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/2a678739-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
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